

Marijuana Dispensaries and Retailers



The marijuana industry continues to expand as more states legalize the use of marijuana. As the market increases, insurance offerings specially tailored to the industry have appeared. While marijuana dispensaries and retailers need the same basic coverage as any other business that sells a product or service, they also face a unique set of risks brought on by the nature of their product. In response to this, policies are being developed to address exposures that are not covered by standard policies.

Crop Protection

If you grow your own marijuana, crop insurance can protect against potential damage or disruption that could occur during the production cycle. Depending on the policy, some or all stages of the growth cycle are covered.

- **Living Plant Material:** Plants in any stage of growth, from seed to point-of-harvest.
- **Harvested Plant Material:** Mature, harvested plants that are not yet ready for sale.
- **Finished Stock:** Mature, harvested plants that have been processed and are ready for sale.

Policies vary on the limits of coverage, but most do not protect against losses caused by the inabilities of growers to properly cultivate cannabis or seizure or damage resulting from the actions of a government agency. Most

policies will require an inspection of the growing facilities to identify any potential hazards that could increase the chance for a loss. It is also common for policies to require that there be an operating security system installed at the facility.

Product Liability

No matter how rare the occurrence, there is always the possibility that someone could become ill from ingesting an edible cannabis product they purchased from you. This could result in them taking legal action. Product liability coverage will protect you from damages and legal fees in the event that one of your products causes harm to its user. Product liability cover usually requires the manufacturer of such products to comply with all state health codes involving food production and may also require some additional contingencies to ensure a quality product is offered to the customer.

Raid Coverage

Even in states where marijuana is legal, individual counties or cities can have their own regulations in place. In many areas, the right to distribute marijuana stands on shaky legal ground that can create an unsure future for dispensary owners. Because of this complicated legal situation, it is not out of the question for city or state agencies to raid dispensaries or growing facilities even when their owners are operating within the constraints of the law. Raids can be a major disruption to your regular

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business operations as they can involve property damage, seizure of product and equipment, and even the possible arrest of you or your employees.

Raid coverage helps owners recoup their losses, including any related legal fees, after a raid as long as the charges against them are dropped or if they are acquitted or found not guilty. The policy does not activate if the policyholder is found guilty of any of the crimes that prompted the raid. Raid coverage is offered at a state level for those states where marijuana is legal. Policies cannot cover damages caused by federal raids—from agencies such as the DEA—as marijuana, for medical use or otherwise, is still considered illegal on a federal level.

Count On the Experts

Specialized insurance coverages for the unique risks faced by dispensaries and retailers are still new to the market. The experts at Wheeler & Taylor Inc. are here to educate you on your options and guide you through the process. We can help make sure that the coverage you receive is the best fit for your operation. Call us today at 413-528-1000 to learn how we can help you protect every facet of your business.